

## Message Text

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ACTION EB-08

INFO OCT-01 EA-10 IO-13 ISO-00 CEA-01 CIAE-00 COME-00  
DODE-00 FRB-03 H-01 INR-10 INT-05 L-03 LAB-04  
NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15 STR-07  
ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01 DOE-15  
AGR-01 /125 W

-----063385 181911Z /47

P 181854Z APR 78  
FM USMISSION GENEVA  
TO SECSTATE WASHDC PRIORITY 8559  
INFO AMEMBASSY TOKYO

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USMTN

PASS STR (STARKEY) AND USDA (SAYLOR)  
STR PASS CODEL

E.O. 11652: N/A  
TAGS: MTN, ETRD  
SUBJECT: US JAPANESE BILATERAL ON AGRICULTURAL PRODUCTS

1. SUMMARY. US AND JAPAN HELD INTENSIVE BILATERAL DISCUSSIONS CONCERNING REQUESTS AND OFFERS ON AGRICULTURAL PRODUCTS ON APRIL 5, 6, AND 7. JAPANESE DID NOT ACKNOWLEDGE THE INADEQUACY OF THEIR OFFER BUT AGREED TO REPORT TO TOKYO OUR REQUEST FOR RECONSIDERATION OF THEIR OFFER LIST. THE JAPANESE ASKED THAT THE US RECONSIDER THE LACK OF OFFER ON ONE OF THEIR THREE REQUESTS FOR FISH; THEY EXPECT THAT AN OFFER WOULD BE FORTHCOMING WHERE ASP IS THE OBSTACLE. END SUMMARY.

2. US DEL (KOENIG, HARVEY, CASSIDY) OPENED THE MEETINGS WITH GENERAL STATEMENT ALONG THE LINES OF TPSC 78-20.  
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WE STRESSED OUR DISAPPOINTMENT WITH THE SCOPE, TRADE VALUE, AND DEPTH OF CUTS OF JAPANESE OFFERS. WE INSISTED THAT GREATER EFFORTS ON THE PART OF THE JAPANESE ARE INDISPENSIBLE. WE EXPRESSED THE CONVICTION THAT MORE FAR-REACHING CONCESSIONS WOULD BE COMPATIBLE WITH JAPANESE DOMESTIC FARM SUPPORT POLICY EITHER BECAUSE THE LIKELY GROWTH IN INTERNAL CONSUMPTION LEAVES PLENTY

OF ROOM FOR THE MARKETING OF ADDITIONAL DOMESTIC FARM PRODUCTS OR BECAUSE CERTAIN OF THE REASONS WHICH THE JAPANESE DEL ADDUCED IN EXPLAINING THE NEED FOR PROTECTION AND HENCE THE POVERTY OF THEIR OFFERS ARE UNTENABLE.

3. WE STATED THAT WHILE THE RESULTS OF THE STRAUSS/USHIBA MEETINGS ARE TAKEN INTO CONSIDERATION AS AN INDICATION OF JAPANESE GOOD WILL THEY ARE OUTSIDE THE FRAME OF THE MTN. JAPANESE DEL (UENO, SHIRAI, ET AL) STATED THAT THE OUTCOME OF THE STRAUSS/USHIBA AGREEMENT REPRESENTS MAJOR CONCESSIONS ON VERY SENSITIVE PRODUCTS SUCH AS BEEF AND CITRUS. HOWEVER, THEY DID NOT INSIST THAT THESE FORM PART OF THE MTN.

4. MOST OF THE ARGUMENTS USED BY JAPANESE DEL TO EXPLAIN THEIR OFFERS OR THE LACK THEREOF WERE SPURIOUS. THEY WERE PRIMARILY BASED ON THE ASSERTION THAT THE POLICY OF DIVERTING LAND UNDER RICE TO OTHER USES MAKES IT IMPOSSIBLE TO PERMIT LARGER IMPORTS. THIS ARGUMENT APPLIED TO US REQUEST FOR FROZEN VEGETABLES, DRIED PRUNES, AVOCADOES, CITRUS, GRAPES OR PRODUCTS DERIVED THEREFROM. THUS CONCESSIONS ON CITRUS ARE SAID TO BE IMPOSSIBLE BECAUSE OF THE GOVERNMENTS LAND DIVERSION POLICY. CONCESSIONS ON CITRUS JUICES - THEY SAID - ARE THEREFORE ALSO IMPOSSIBLE, AND CONCESSIONS ON DRIED PRUNES ARE NOT POSSIBLE BECAUSE THEY COULD HURT THE JUICE INDUSTRY. LIMITED OFFICIAL USE

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ANOTHER ARGUMENT USED WAS THAT FOOD PROCESSING INDUSTRIES ARE HIGHLY INEFFICIENT OR ARE CONSIDERED INFANT INDUSTRIES. THUS LARD IS RENDERED IN SMALL PROCESSING PLANTS WHICH, MOREOVER, EMPLOY MOSTLY MINORITY WORKERS. PROCESSORS OF POTATOES ARE INEFFICIENT AND NEED PROTECTION. THE COSTS OF THE CANNING INDUSTRIES ARE EXTREMELY HIGH AND THEREFORE NO OFFERS CAN BE MADE ON CERTAIN CANNED FRUITS. NO CONCESSIONS CAN BE MADE ON TVP (VEGETABLE PROTEINS) BECAUSE IT IS PRODUCED BY AN "INFANT INDUSTRY" WHICH REQUIRES PROTECTION. THE LIQUOR TAXES CANNOT BE REDUCED OR ABOLISHED BECAUSE THEY ARE AN IMPORTANT SOURCE OF REVENUE.

5. AS REGARDS JAPANESE FISH REQUESTS, JAPANESE DEL EXPRESSED SATISFACTION WITH OFFER ON TSUS 112.94, REJECTED PRINCIPAL SUPPLIER RATIONALE FOR US LACK OF OFFER ON TSUS 112.90, AND AWAITED OUR DECISION ON ASP FOR AN OFFER ON TSUS 114.05.

6. DETAILED NOTES ON LINE-ITEM DISCUSSION HAVE BEEN HANDCARRIED TO WASHINGTON BY JOHN HUDSON (FAS:ITP).

7. DRAFTED BY HARVEY AND KOENIG. CULBERT

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## Message Attributes

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**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AGRICULTURAL PRODUCTION, MEETINGS  
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**Review Markings:**  
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